

**2009-2010 Regular Session
State Legislative Report of Priority Bills Only
as of 06/24/2009**

Assembly Bills

AB 98 (De La Torre) Mandated Benefit: Insurer Maternity Coverage

Version: Amended 04/13/2009

Sponsor: Author

Status: **06/18/2009-Senate HEALTH. Set for hearing 07/01/2009**

This bill would require that all individual or group health insurance policies that cover hospital, medical or surgical expenses and are issued, amended, renewed, or delivered on or after January 1, 2010, to cover maternity services. The bill excludes specialized health insurance and other specified insurance coverage.

AB 542 (Feuer) Hospital Acquired Conditions

Version: **Amended 06/18/2009**

Sponsor: Author

Status: **06/11/2009-Senate HEALTH. Set for hearing 07/01/2009**

This bill is similar to AB 2146 (Feuer, 2007-08). ~~It would expand the definition of adverse events that are subject to statutory regulation.~~ It would require the Department of Managed Health Care (DMHC), in collaboration with the State Department of Public Health (DPH), the State Department of Health Care Services (DHCS), the Managed Risk Medical Insurance Board (MRMIB), the California Public Employees' Retirement System (CalPERS), and the Department of Insurance (CDI), to adopt and implement by regulation by September 1, 2010 uniform policies and practices governing the nonpayment to a health facility for ~~substantiated adverse events~~ **hospital acquired conditions** by state public health programs. The bill would allow MRMIB and other state public health programs to contract with a review organization to carry out these regulations. The bill would require these DMHC regulations to be consistent with those developed by the federal Centers for Medicare and Medicaid Services (CMS) and to be updated annually, beginning January 1, 2012, to reflect CMS policy changes. The bill would then require DPH, DHCS, MRMIB, CalPERS and CDI to adopt regulations that are identical or substantially similar to these DMHC regulations and would prohibit health facilities from charging patients for care and services when payment is denied by MRMIB and its plans or by DHCS.

~~This bill would require DPH to collect information on the occurrence of substantiated adverse medical events and to report this information to state government payers, including DHCS and MRMIB. It would further require that these state payers maintain confidentiality of the information and that they share the cost of collecting and distributing it in proportion to their receipt of it. The bill would require DPH to determine whether adverse events reported are substantiated.~~

Deleted bill content is ~~stricken~~, and new bill content or status is **bold italic underlined**.

In addition to reporting adverse events as required by current law, this bill would require medical and nursing directors of health facilities to report ~~adverse events~~ **hospital acquired conditions** annually to their boards or similar oversight bodies and would require that contracts between health facilities and health care plans be consistent with the nonpayment policies developed by DMHC. The bill would prohibit health facilities from charging for ~~substantiated adverse events~~ **hospital acquired conditions** and would require the facilities to disclose the event to the applicable payer. The bill would require implementation of its measures only to the extent that federal financial participation for state health programs is not jeopardized.

AB 786 (Jones) Individual Health Insurance Coverage

Version: Amended 06/02/2009

Sponsor: Health Access

Status: **06/18/2009-Senate HEALTH. Set for hearing 07/08/2009**

This bill is similar to SB 1522 (Steinberg, 2007-08). The bill would require, by September 1, 2010, the Department of Managed Health Care (DMHC) and the Department of Insurance (CDI) to jointly develop a system to categorize all health care service plan contracts and health insurance policies offered and sold to individuals into six coverage choice categories, four of which must be applicable to both individual health care service plan contracts and individual health insurance policies. The fifth and sixth categories would be applicable only to individual health insurance policies. The bill would require the coverage choice categories to reflect reasonable variations in benefits and cost-sharing.

The bill would require individual health care contracts and policies offered or sold on or after January 1, 2011, to contain a maximum dollar limit on out-of-pocket costs for covered benefits, increased annually according to the medical consumer price index, and at a minimum to cover hospital, medical, and surgical expenses. The bill would authorize health care plans and insurers to offer products in any coverage choice category, subject to restrictions. The bill would also require health care plans and insurers to establish prices for individual contracts and policies that reflect a reasonable continuum between the coverage choice categories having the lowest level of benefits and the categories having the highest level of benefits.

The bill would exempt from these measures individual health insurance contract and policy renewals issued prior to April 1, 2011.

AB 1383 (Jones) Additional Funding for Children's Health

Version: **Amended 06/17/2009**

Sponsor: The Daughters of Charity Health System , California Hospital Association, California Children's Hospital Association

Status: 06/11/2009-Senate HEALTH. **Set for hearing 07/01/2009**

This bill would require the Department of Health Care Services (DHCS) to calculate and impose on non-public or UC hospitals a "coverage dividend fee," contingent on approval by the federal Centers for Medicare and Medicaid Services. The bill would require DHCS to pay supplemental amounts to specified hospitals and to Medi-Cal managed health care plans for Medi-Cal hospital services and would require Medi-Cal rates to equal the federal upper payment limit. The bill

Deleted bill content is ~~stricken~~, and new bill content or status is **bold italic underlined**.

would require the coverage dividend fees to be placed into a fund to then be used to draw down federal funds. The combined state and federal funds would then be used for making the supplemental reimbursements to hospitals, expanding health care coverage for children and making the supplemental payments to managed health care plans, in that priority order. The Senate Health Committee estimates that if the fees are matched by federal Children's Health Insurance Program funds, the combined funds could amount to almost \$1 billion to expand children's coverage. The supplemental payments to hospitals, coupled with federal matching funds, could amount to several billion dollars. The bill would make the supplemental payments contingent on enactment of other legislation that would specify more precisely the method for calculating the coverage dividend fee and states the Legislature's intent to pass such legislation. The bill would become effective immediately upon being signed by the Governor.

Senate Bills

SB 227 (Alquist) MRMIP Changes

Version: Amended 05/28/2009

Sponsor: Author

Status: 06/15/2009-Assembly HEALTH. **Set for hearing 06/30/2009**

The Board has taken a position of "support if amended" on this bill. SB 227 is similar to AB 2 (Dymally, 2007-08) and AB 1971 (Chan, 2005-06). The bill would ensure long-term stable funding for the Major Risk Medical Insurance Program (MRMIP), thereby expanding the program to cover more individuals. It would accomplish this by requiring health care plans and insurers to elect to either provide guaranteed-renewable coverage to individuals eligible for the MRMIP or to pay a fee. The bill would eliminate the annual \$75,000 benefit limit and would require MRMIB to increase the lifetime limit to no less than \$1,000,000. The bill would also require MRMIB, conditioned on the absence of a MRMIP waitlist, to establish a process for individuals in the Guaranteed Issue Pilot program to voluntarily re-enroll into the MRMIP.

The bill would require MRMIB to assign eligible persons to plans and to set the subscriber premium rates, as specified, and to set the fee rates, capped at no more than \$1 per member per month. The bill would also require MRMIB to establish the scope of coverage for the program and minimum standards for plan participation.

The bill would require MRMIB to establish premiums at no more than 150% of the standard average individual rate for comparable coverage. In a letter of June 22, 2009, the Board strongly urged the author to consider an amendment that would reduce the maximum subscriber contributions (SEC 22(b)) from 150% of the standard average individual rate for comparable coverage to 125% of this rate, which is consistent with existing maximum subscriber contribution rates. At existing subscriber contribution levels, the Board recognizes that MRMIP is unaffordable to many eligible Californians; increasing the maximum to 150% would make MRMIP even less affordable. The Board supports passage of SB 227 if it is amended to reflect this change.

Deleted bill content is ~~stricken~~, and new bill content or status is **bold italic underlined**.

For subscribers at or below 300% of the federal poverty level the bill would require a sliding scale with lower contribution requirements, but in no case would subscriber contribution be permitted lower than 110% of the standard average rate for comparable individual coverage, unless federal funds are received. When there is not a waiting list, it would require the Board to lower subscriber contributions for subscribers at or below 300% of the federal poverty level to no less than 6% of income, and would also permit lower subscriber contributions for subscribers over 300% but less than 400% of the federal poverty level to no less than 6% of income with any remaining federal funds. The bill would require any remaining federal funds, if available, to be used to recalculate the fee charged to plans and insurers that elect to not provide guaranteed-renewable coverage to persons assigned by MRMIB.

The bill would allow MRMIB to obtain loans from the General Fund for all necessary and reasonable expenses, to be repaid with interest no later than January 1, 2017. The bill would also require MRMIB to appoint an 11-member advisory panel, to give progress reports and implementation recommendations to the Legislature.

Deleted bill content is ~~stricken~~, and new bill content or status is **bold italic underlined**.